

**LAFCO MEETING: June 3, 2015**

**TO: LAFCO**

**FROM: Neelima Palacherla, Executive Officer**

**SUBJECT: FINAL LAFCO BUDGET FOR FISCAL YEAR 2016**

### **STAFF RECOMMENDATION**

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1. Adopt the Final LAFCO Budget for Fiscal Year 2015-2016. (Attachment A)
2. Find that the Final LAFCO Budget for Fiscal Year 2016 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Final LAFCO Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association and the Special Districts Association.
4. Direct the County Auditor–Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

### **REVISIONS TO THE DRAFT / PRELIMINARY BUDGET**

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The Commission on April 1, 2015, adopted LAFCO's preliminary budget for Fiscal Year 2015-2016. The preliminary budget was prepared using the best information available at that time. Since then, the County has provided updated information on its cost plan allocations (overhead) and IT costs. The proposed final budget has been refined to reflect this latest available information: the Overhead item has been increased by \$2,042 and the Data Processing Services cost estimate has been increased by \$2,105.

As a result of the above changes, the net FY 2016 operating expense in the proposed Final Budget is increased from \$657,862 to \$662,004.

### **BACKGROUND**

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The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires LAFCO to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft and the final budgets are required to be transmitted to the cities, to the special districts and to the County. Government Code §56381(a) establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will

nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. Government Code §56381(c) requires the County Auditor to request payment from the cities, special districts and the County no later than July 1 of each year for the amount each agency owes based on the net operating expenses of the Commission and the actual administrative costs incurred by the Auditor in apportioning costs and requesting payment.

### **COST APPORTIONMENT TO CITIES, DISTRICTS AND COUNTY**

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The CKH Act requires LAFCO costs to be split in proportion to the percentage of an agency's representation (excluding the public member) on the Commission. The LAFCO of Santa Clara County is composed of a public member, two County board members, two city council members, and since January 2013 – of two special district members. Government Code §56381(b)(1)(A) provides that when independent special districts are seated on LAFCO, the county, cities and districts must each provide a one-third share of LAFCO's operational budget.

Since the City of San Jose has permanent membership on LAFCO, as required by Government Code §56381.6(b), the City of San Jose's share of LAFCO costs must be in the same proportion as its member bears to the total membership on the commission, excluding the public member. Therefore in Santa Clara County, the City of San Jose pays one sixth and the remaining cities pay one sixth of LAFCO's operational costs. Per the CKH Act, the remaining cities' share must be apportioned in proportion to each city's total revenue, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county. Each city's share is therefore based on the 2012/2013 Report – which is the most recent edition available.

Government Code Section 56381 provides that the independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. The Santa Clara County Special Districts Association (SDA), at its August 13, 2012 meeting, adopted an alternative formula for distributing the independent special districts' share to individual districts. The SDA's agreement requires each district's cost to be based on a fixed percentage of the total independent special districts' share.

LAFCO's net operating expenses for Fiscal Year 2016 is \$662,004. The estimated apportionment of LAFCO's FY 2016 costs to the individual cities and districts is included as **Attachment B**. The final costs will be calculated and invoiced to the individual agencies by the County Controller's Office after LAFCO adopts the final budget.

### **ATTACHMENTS**

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Attachment A:	Proposed Final LAFCO Budget for Fiscal Year 2016
Attachment B:	Costs to Agencies Based on the Proposed Final Budget

**FINAL LAFCO BUDGET  
FISCAL YEAR 2015 - 2016**

**AGENDA ITEM # 5  
Attachment A**

ITEM #	TITLE	APPROVED BUDGET FY 2015	ACTUALS Year to Date 3/3/2015	PROJECTIONS Year End 2015	FINAL FY 2016 BUDGET
<b>EXPENDITURES</b>					
Object 1:	Salary and Benefits	\$465,700	\$303,173	\$466,643	\$499,823
Object 2:	Services and Supplies				
5255100	Intra-County Professional	\$45,000	\$3,682	\$5,000	\$45,000
5255800	Legal Counsel	\$58,000	\$33,766	\$57,300	\$59,000
5255500	Consultant Services	\$100,000	\$0	\$85,000	\$100,000
5285700	Meal Claims	\$750	\$130	\$500	\$750
5220100	Insurance	\$5,600	\$4,162	\$5,600	\$5,600
5250100	Office Expenses	\$2,000	\$720	\$2,000	\$2,000
5255650	Data Processing Services	\$4,000	\$1,617	\$2,700	\$7,100
5225500	Commissioners' Fee	\$10,000	\$3,000	\$7,000	\$10,000
5260100	Publications and Legal Notices	\$2,500	\$2,404	\$3,000	\$2,500
5245100	Membership Dues	\$7,428	\$7,428	\$7,428	\$7,577
5250750	Printing and Reproduction	\$1,500	\$85	\$100	\$1,500
5285800	Business Travel	\$15,000	\$1,817	\$8,000	\$15,000
5285300	Private Automobile Mileage	\$2,000	\$344	\$1,000	\$2,000
5285200	Transportation&Travel (County Car Usage)	\$1,000	\$140	\$1,000	\$1,000
5281600	Overhead	\$36,065	\$17,378	\$36,065	\$49,993
5275200	Computer Hardware	\$3,000	\$2,492	\$2,500	\$3,000
5250800	Computer Software	\$4,000	\$1,832	\$3,500	\$4,000
5250250	Postage	\$2,000	\$557	\$1,000	\$2,000
5252100	Staff/Commissioner Training Programs	\$2,000	\$1,281	\$1,500	\$2,000
5701000	Reserves	\$0	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>		<b>\$767,543</b>	<b>\$386,008</b>	<b>\$696,836</b>	<b>\$819,843</b>
<b>REVENUES</b>					
4103400	Application Fees	\$30,000	\$18,010	\$30,000	\$30,000
4301100	Interest: Deposits and Investments	\$3,000	\$1,517	\$3,000	\$3,000
<b>TOTAL REVENUE</b>		<b>\$33,000</b>	<b>\$19,527</b>	<b>\$33,000</b>	<b>\$33,000</b>
3400150	<b>FUND BALANCE FROM PREVIOUS FY</b>	<b>\$171,979</b>	<b>\$226,111</b>	<b>\$226,111</b>	<b>\$124,839</b>
<b>NET LAFCO OPERATING EXPENSES</b>		<b>\$562,564</b>	<b>\$140,370</b>	<b>\$437,725</b>	<b>\$662,004</b>
3400800	<b>RESERVES</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>
<b>COSTS TO AGENCIES</b>					
5440200	County	\$187,521	\$187,521	\$187,521	\$220,668
4600100	Cities (San Jose 50% + Other Cities 50%)	\$187,521	\$187,521	\$187,521	\$220,668
	Special Districts	\$187,521	\$187,521	\$187,521	\$220,668



# AGENDA ITEM # 5, Attachment B

## LAFCO COST APPORTIONMENT: County, Cities, Special Districts Estimated Costs to Agencies Based on the Final 2016 LAFCO Budget

Proposed LAFCO Net Operating Expenses for 2016				\$662,004
Jurisdictions	Revenue per 2012/2013 Report*	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
County	N/A	N/A	33.3333333%	\$220,668.00
<b>Cities Total Share</b>			<b>33.3333333%</b>	<b>\$220,668.00</b>
San Jose	N/A	N/A	50.0000000%	\$110,334.00
Other cities share			50.0000000%	\$110,334.00
Campbell	\$45,748,435	2.2424301%		\$2,474.16
Cupertino	\$67,464,803	3.3068914%		\$3,648.63
Gilroy	\$69,772,278	3.4199959%		\$3,773.42
Los Altos	\$43,811,921	2.1475089%		\$2,369.43
Los Altos Hills	\$10,119,375	0.4960168%		\$547.28
Los Gatos	\$41,851,063	2.0513944%		\$2,263.39
Milpitas	\$114,364,889	5.6057715%		\$6,185.07
Monte Sereno	\$2,536,991	0.1243545%		\$137.21
Morgan Hill	\$73,750,274	3.6149835%		\$3,988.56
Mountain View	\$193,117,780	9.4659660%		\$10,444.18
Palo Alto	\$471,680,558	23.1201504%		\$25,509.39
Santa Clara	\$572,714,606	28.0724902%		\$30,973.48
Saratoga	\$21,788,228	1.0679836%		\$1,178.35
Sunnyvale	\$311,406,350	15.2640628%		\$16,841.45
<b>Total Cities (excluding San Jose)</b>	<b>\$2,040,127,551</b>	<b>100.0000000%</b>		<b>\$110,334.00</b>
<b>Total Cities (including San Jose)</b>				<b>\$220,668.00</b>
<b>Special Districts Total Share</b>			<b>33.3333333%</b>	<b>\$220,668.00</b>
Aldercroft Heights County Water District		0.06233%		\$137.54
Burbank Sanitary District		0.15593%		\$344.09
Cupertino Sanitary District		2.64110%		\$5,828.06
El Camino Healthcare District		4.90738%		\$10,829.02
Guadalupe Coyote Resource Conservation District		0.04860%		\$107.24
Lake Canyon Community Services District		0.02206%		\$48.68
Lion's Gate Community Services District		0.22053%		\$486.64
Loma Prieta Resource Conservation District		0.02020%		\$44.57
Midpeninsula Regional Open Space District		5.76378%		\$12,718.82
Purissima Hills Water District		1.35427%		\$2,988.44
Rancho Rinconada Recreation and Park District		0.15988%		\$352.80
San Martin County Water District		0.04431%		\$97.78
Santa Clara County Open Space Authority		1.27051%		\$2,803.61
Santa Clara Valley Water District		81.44126%		\$179,714.81
Saratoga Cemetery District		0.32078%		\$707.86
Saratoga Fire Protection District		1.52956%		\$3,375.25
South Santa Clara Valley Memorial District		0.03752%		\$82.79
<b>Total Special Districts</b>		<b>100.00000%</b>		<b>\$220,668.00</b>
<b>Total Allocated Costs</b>				<b>\$662,004.00</b>

